

PERFORMANCE AUDIT REPORT

Pennsylvania Department of Health

Emergency Medical Services Operating Fund

July 2018



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General

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EUGENE A. DePASQUALE
AUDITOR GENERAL

July 2, 2018

The Honorable Tom Wolf
Governor
Commonwealth of Pennsylvania
Room 225 Main Capitol Building
Harrisburg, PA 17120

Dear Governor Wolf:

This report contains the results of the Department of the Auditor General's performance audit of the Emergency Medical Services Operating Fund (EMSOF) administered by the Department of Health (DOH). The audit period was July 1, 2015 through June 30, 2017.

We conducted our audit under the authority of Sections 402 and 403 of The Fiscal Code, 72 P.S. §§ 402 and 403, pursuant to 35 Pa.C.S. § 8153(e), and in accordance with applicable generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

We performed our audit to determine whether DOH ensured that EMSOF collections and expenditures were adequately supported, properly accounted for, and used for the purpose(s) intended by law and regulations, including the collections and expenditures of the regional EMS councils.

We found that DOH continued to ineffectively administer the EMSOF and failed to correct past significant internal control weaknesses. Specifically, we found the following deficiencies: DOH does not have formal, documented policies and procedures; DOH failed to validate operating fund expenditures, creating an opportunity for potential misuse of state funds; DOH failed to ensure that state and regional EMS councils submitted financial audit reports in compliance with its contract/grant agreement provisions; and DOH failed to review regional EMS council annual reports, which led to the majority not being in compliance with regulations and grant agreements. We offer 22 recommendations to alleviate these deficiencies and strengthen DOH's policies, management controls, and oversight of the EMS program.

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With respect to the Head Injury Program, funded by EMSOF, we did not identify any deficiencies. Therefore, we acknowledge DOH's adherence and compliance with applicable law and regulations.

We also conducted procedures to determine whether DOH implemented our prior EMSOF audit report's findings and recommendations from our report issued in December 2015. We found that one prior audit finding was resolved, two prior audit findings were partially resolved, and two prior audit findings were not resolved. We reissued the unresolved findings and portions of the partially resolved findings as part of our current audit findings within this report.

In closing, I want to thank DOH for its cooperation and assistance during the audit. DOH is in agreement with our findings and has indicated that it is in varying stages of implementing our suggested recommendations. We will follow up at the appropriate time to determine whether and to what extent all recommendations have been implemented.

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Eugene A. DePasquale
Auditor General

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Department of Health

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Executive Summary

This report presents the results of our performance audit of the Department of Health's (DOH) administration of the Emergency Medical Services Operating Fund (EMSOF). Our performance audit had one objective, which was to determine whether DOH ensured that EMSOF collections and expenditures were adequately supported, properly accounted for, and used for the purposes intended by law and regulations, including the collections and expenditures of the regional EMS councils. Our audit period was July 1, 2015 through June 30, 2017. We also conducted procedures to determine whether DOH implemented our prior EMSOF performance audit findings and recommendations from the report issued in December 2015.

Our audit results are contained in four findings with 22 recommendations. DOH agreed with our findings and has indicated that it is in varying stages of implementing our recommendations.

Finding 1 – The Department of Health continued to ineffectively administer the Emergency Medical Services Operating Fund and failed to correct past significant weaknesses in its internal controls.

The Department of the Auditor General conducted two prior performance audits related to DOH's administration of EMSOF. Those audits related to periods beginning July 1, 2010, and were released in February 2014 and December 2015. Both audits reported significant control weaknesses that have remained uncorrected through the current audit period ending June 30, 2017. Based on our current review of documents and interviews conducted with DOH management, we found that DOH continued to lack adequate internal controls over EMSOF dollars distributed to EMS councils. We found that DOH failed to designate sufficient resources to effectively administer EMSOF, including having an adequate internal control system in place, and DOH did not have formal, documented policies and procedures related to administering EMSOF. Additionally, DOH failed to monitor the EMS council's financial controls or use of EMSOF dollars. DOH's failure to monitor EMSOF dollars provided to EMS councils created a significant risk of abuse of state funds and the potential for error, fraud, or abuse. Additionally, DOH had very limited assurance that EMSOF dollars were spent in accordance with law and regulations.

Finding 2 – The Department of Health failed to validate EMS operating fund expenditures, creating an opportunity for misuse of state funds.

The Emergency Medical Services System Act permits EMSOF dollars to be used for the purposes of providing EMS programs of public education, information, health promotion, and prevention, as well as for costs associated with training programs of EMS providers. EMSOF

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dollars can also be used for costs associated with assisting EMS agencies in recruiting and retaining providers. We found that DOH did not provide the regional EMS councils with guidance regarding what is considered allowable purchases within these broad categories of the law, and as a result, the regional EMS councils were left to interpret these categories on their own. For example, without further guidance from DOH, funds could be used by EMS councils to purchase high-priced lunches during a training course or unjustifiably expensive gifts for a recruitment event. Although we did not identify any questionable purchases during our testing, without more restrictive guidance, the opportunity for misuse of funds or abuse is present.

Additionally, we found that DOH did not review any source documentation to substantiate the summary level invoices provided by the councils and paid by DOH. DOH was not fulfilling its obligation to monitor its grants to the regional EMS councils and cannot be assured that the grant monies were being utilized properly. Further, DOH did not document its approval prior to payment for 6 of the 60 invoices we reviewed.

We also found that items requested to be purchased by EMS providers and approved by DOH management did not agree with the items actually purchased for 6 of the 23 EMS provider expenditures tested. DOH cannot ensure the appropriateness of purchases without requiring regional EMS councils to provide documentary support after the purchases were made and reconciling the purchases to items that were originally approved to be purchase by DOH management.

Additionally, DOH failed to ensure that EMSOF monies were only used for up to 50 or 60 percent of the maximum allowable costs as outline in the annual *PA Bulletin Notice*. In order to adequately administer the fund, DOH must ensure its internal controls over fund expenditures serve to adequately deter, detect, and prevent errors, abuse, and fraud from occurring.

Finding 3 – The Department of Health failed to ensure that state and regional EMS councils submitted audit reports in compliance with its contract/grant agreement provisions.

DOH's grant agreements with its regional EMS councils require each council to have a program-specific audit performed when any EMS state funds are expended during the state fiscal year. We found that DOH did not adequately enforce this requirement and did not receive audit reports for 12 of the 30 audits performed during our audit period. For the 18 audit reports received, DOH adequately performed and documented its review procedures in compliance with its policy for 15 of the audits but failed to review the remaining 3 audit reports.

Since DOH does not validate the appropriateness of expenditures or perform onsite monitoring of the EMS councils, DOH places reliance upon these audits. However, since DOH did not

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consistently receive and review the audit reports, DOH has limited assurance that the state funds were spent on allowable costs.

Finding 4 – The Department of Health failed to review regional EMS council annual reports, which led to the majority not being in compliance with regulations and grant agreements.

We found that DOH obtained annual reports from each EMS council for both years in our audit period. However, DOH management stated that the annual reports were filed without being reviewed due to a lack of adequate and consistent staffing. This lack of review contributed to DOH's failure to discover that most of the annual reports did not contain all the information required by applicable regulations and grant agreements. The EMS councils' noncompliance with the annual report regulations appears to be caused, in part, by inconsistencies between the regulatory requirements and DOH grant requirements/instructions provided to the EMS councils.

Audit Procedures and Results – Department of Health's Head Injury Program complied with law and regulations.

Twenty-five percent of the money in the EMSOF is allocated to the Catastrophic Medical and Rehabilitation Fund to administer the Head Injury Program which pays for medical, rehabilitation, and attendant care services for persons with traumatic brain injury. Based on our audit procedures, we did not identify any weaknesses in the management controls that we tested, any misstatements of financial information, or noncompliance with applicable law and regulations.

Status of Prior Audit Findings

We also conducted procedures to determine the status of the prior audit findings presented in the audit report released on December 21, 2015. Our prior performance audit of EMSOF covered the period of July 1, 2012 through June 30, 2014, and contained five findings with 29 recommendations. We found that one prior audit finding was resolved, two prior audit findings were partially resolved, and two prior audit findings were not resolved. We reissued the unresolved findings and portions of the partially resolved findings as part of our current audit findings within this report.

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Introduction and Background

This report by the Department of the Auditor General presents the results of our performance audit of the Emergency Medical Services Operating Fund (EMSOF) administered by the Pennsylvania Department of Health (DOH).¹ This audit was conducted under the authority of Sections 402 and 403 of The Fiscal Code and pursuant to Section 8153 of the Emergency Medical Services System Act.²

In the sections that follow, we present background information related to EMSOF, including how it was created, its purpose, its funding, and how its funds are disbursed.

EMSOF and its Mission

The EMSOF was originally created by the Emergency Medical Services Act pursuant to Act 45 of 1985.³ This act was later repealed and replaced by the Emergency Medical Services System Act, or Act 37 of 2009, effective February 16, 2010 (Act).⁴ DOH is the lead agency for the Commonwealth's emergency medical services (EMS) system as defined by the Act. This program is responsible for:

- Licensure of ambulance services
- Assuring availability of training
- Certification of EMS personnel
- Medical command facility accreditation
- Medical command physician recognition
- Training institute accreditation
- Integration of the poison information system with the EMS system
- Quality improvement activities
- Distribution of funding⁵

¹ 35 Pa.C.S. § 8153(a). The sources of funding for the operating fund include: 1) Emergency Medical Services costs and Accelerated Rehabilitative Disposition fees under the Vehicle Code, 2) all fees, fines and civil penalties, 3) appropriations, and 4) contributions. *See* 35 Pa.C.S. § 8153(b).

² 72 P.S. §§ 402 and 403 and 35 Pa.C.S. § 8153(e).

³ <<http://www.palrb.us/pamphletlaws/19001999/1985/0/act/0045.pdf>> (accessed April 19, 2018).

⁴ <<http://www.legis.state.pa.us/cfdocs/legis/li/uconsCheck.cfm?yr=2009&sessInd=0&act=37>> (accessed April 19, 2018). Act 37 provided for a recodification of the former act (Act 45) and based on the historical notes pursuant to Section 5 of Act 37 is a “continuation of the former act” and that all activities under Act 45 “shall continue and remain in full force and effect.”

⁵ 2018-2019 Governor's Executive Budget, p. E22-44,

<<http://www.budget.pa.gov/PublicationsAndReports/CommonwealthBudget/Documents/2018-19%20Proposed%20Budget/2018-19%20Governor%27s%20Executive%20Budget%20-%20Web.pdf>> (accessed April 19, 2018).

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Within DOH, the Bureau of Emergency Medical Services (Bureau) is responsible for the statewide development and coordination of a comprehensive system to prevent and reduce premature death and disability.⁶ The Bureau plans, coordinates, develops, implements, and evaluates the statewide EMS system, including emergency preparedness and response.⁷ The state EMS system includes 14 regional EMS councils, the Statewide Advisory Council, and the Pennsylvania Trauma Systems Foundation.⁸

In addition, the DOH Bureau of Family Health administers the Head Injury Program (HIP), which provides case management services and post-acute head injury rehabilitation services to individuals with traumatic head injuries. Services are provided through contractual agreements with head injury rehabilitation providers in the Commonwealth. Funding for HIP is made available through the EMSOF.⁹

EMSOF Receipts and Disbursements

Revenue of the EMSOF is derived from a \$10 fine imposed on all moving traffic violations, a \$25 fee imposed on persons admitted to programs for Accelerated Rehabilitative Disposition - related to driving under the influence of alcohol or drug offenses, appropriations, and other fees, fines, and penalties collected by DOH under the Act.¹⁰ For the fiscal years ended June 30, 2016 and June 30, 2017, EMSOF revenues totaled \$12.0 million and \$11.3 million, respectively.¹¹

Seventy-five percent (75%) of the monies of the EMSOF are to be disbursed to eligible EMS agencies, including the Statewide Advisory Council Board, for the performance of duties imposed under the Act; to regional EMS councils for the development, maintenance, and improvement of the EMS systems; and to other contractors and grantees.¹² The remaining

⁶<<http://www.health.pa.gov/my%20health/emergency%20medical%20services/pages/default.aspx#.WtjPeuLD9uk>> (accessed April 19, 2018).

⁷ 2018-2019 Governor's Executive Budget, p. E22-44, <<http://www.budget.pa.gov/PublicationsAndReports/CommonwealthBudget/Documents/2018-19%20Proposed%20Budget/2018-19%20Governor%27s%20Executive%20Budget%20-%20Web.pdf>> (accessed April 19, 2018).

⁸<<http://www.health.pa.gov/my%20health/emergency%20medical%20services/pages/default.aspx#.WtjPeuLD9uk>> (accessed April 19, 2018).

⁹ 2018-2019 Governor's Executive Budget, p. E22-44, <<http://www.budget.pa.gov/PublicationsAndReports/CommonwealthBudget/Documents/2018-19%20Proposed%20Budget/2018-19%20Governor%27s%20Executive%20Budget%20-%20Web.pdf>> (accessed April 19, 2018).

¹⁰ Id. at p. H22.

¹¹ Commonwealth's SAP accounting system.

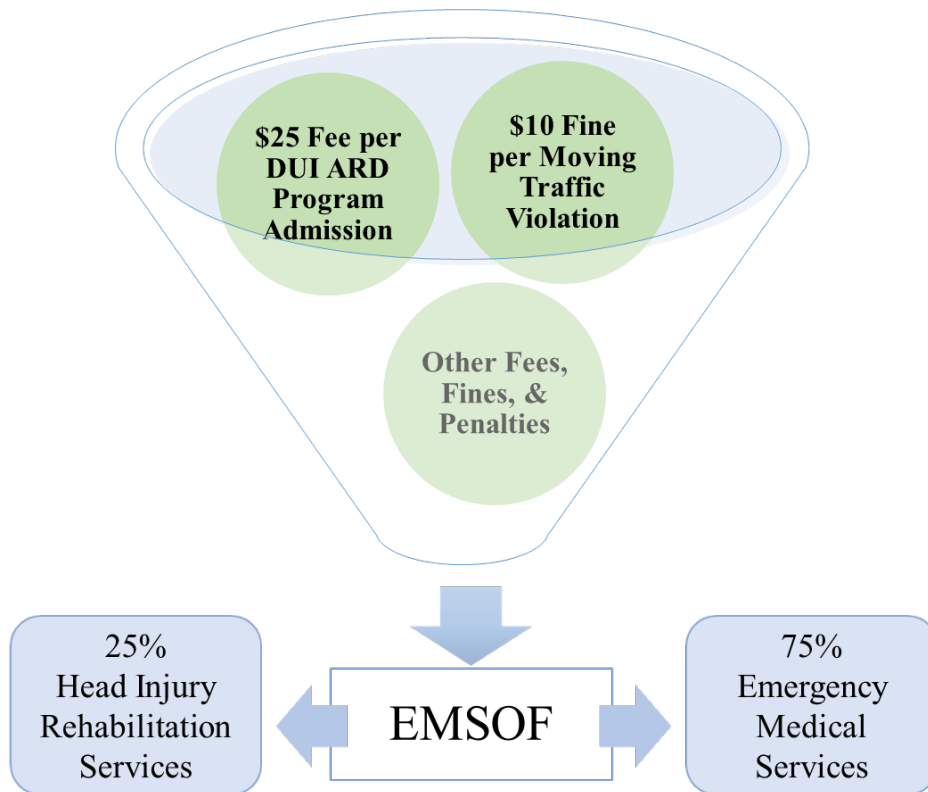
¹² 35 Pa.C.S. § 8153(c).

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twenty-five percent (25%) of the monies of the EMSOF are allocated for Catastrophic Medical Rehabilitation for victims of trauma through the HIP.¹³

EMSOF Receipts and Disbursements



Source: Created by Department of the Auditor General staff.

Future Changes to the EMSOF

Act 43 of 2017 amended the Tax Reform Code of 1971 by adding a new article entitled “Fireworks”¹⁴ and imposing a 12 percent tax on each separate sale of consumer fireworks in Pennsylvania.¹⁵ One-sixth of the fireworks tax collected each fiscal year, not to exceed \$2 million, will be transferred from the General Fund, of which seventy-five percent will go to EMSOF to issue grants under a new Emergency Medical Services Grant Program, and twenty-

¹³ 35 Pa.C.S. § 8153(d).

¹⁴ 72 P.S. § 9401 *et seq.* (Article XXIV), effective October 30, 2018. The former “Fireworks Law” has been repealed and replaced.

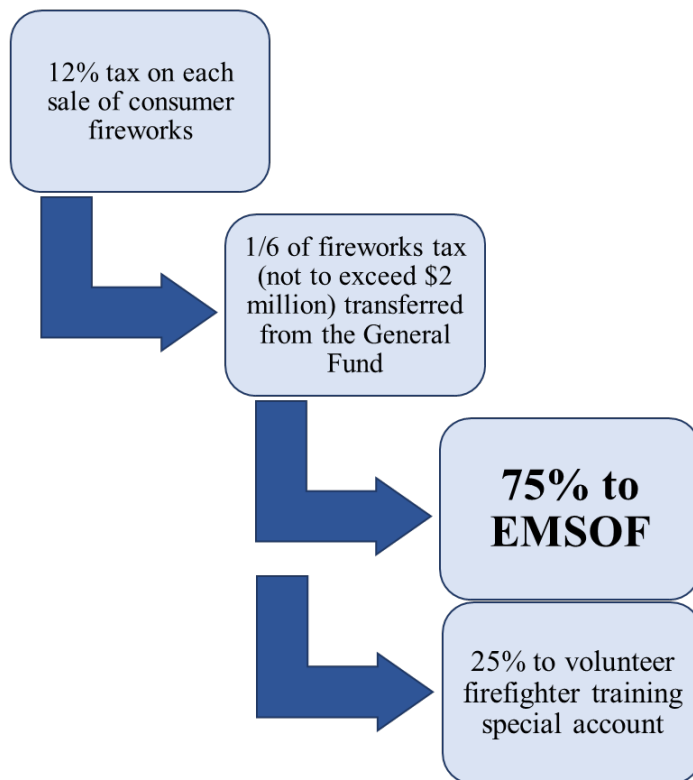
¹⁵ 72 P.S. § 9412(a)-(b).

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five percent will go to a special account for volunteer firefighter training.¹⁶ The Emergency Medical Services Grant Program monies will be used to improve the capabilities of EMS companies to provide ambulance, emergency medical, and life support services. Transfers from the General Fund will be made annually with the first transfer schedule to be made on September 15, 2018.¹⁷

Act 43 of 2017 EMSOF Funding



Source: Created by Department of the Auditor General staff.

¹⁶ 72 P.S. § 9413(a)(1)-(2) and 2018-2019 Governor's Executive Budget, p. H22, <<http://www.budget.pa.gov/PublicationsAndReports/CommonwealthBudget/Documents/2018-19%20Proposed%20Budget/2018-19%20Governor%27s%20Executive%20Budget%20-%20Web.pdf>> (accessed April 19, 2018).

¹⁷ 72 P.S. § 9413(b).

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Finding 1 – The Department of Health continued to ineffectively administer the Emergency Medical Services Operating Fund and failed to correct past significant weaknesses in its internal controls.

The Emergency Medical Services Operating Fund (Fund), created by the Emergency Medical Services System Act (Act), is administered by the Department of Health (DOH).¹⁸ Seventy-five percent of the monies of the Fund are to be disbursed to eligible state and regional EMS agencies, including the State Advisory Board (Board).¹⁹ The Board serves as an independent advisory body to DOH and all other appropriate agencies on matters pertaining to emergency medical service duties imposed under the Act.²⁰ Additionally, the Board assists state and regional EMS councils, as well as other contractors and grantees, in the development, maintenance, and improvement of the EMS systems.

DOH expended \$18.1 million (\$9.1 million for the fiscal year ended June 30, 2016, and \$9.0 million for the fiscal year ended June 30, 2017) in state dollars from the Fund for the Emergency Medical Services (EMS) program administered through its Bureau of Emergency Medical Services (Bureau). DOH disbursed the \$18.1 million to the Pennsylvania Emergency Health Services Council and 14 regional EMS councils to assist them in administering the Commonwealth's EMS system. DOH executes grant agreements with each council and directs various responsibilities and duties to include, but not limited to, the following:

- Develop and annually update a Regional EMS Comprehensive Development Plan.
- Collect, maintain and report patient care data to DOH.
- Submit a Comprehensive Annual Report to DOH.
- Organize, maintain, implement, expand and improve the EMS system within the region.
- Monitor the delivery of emergency medical care, medical facilities and pre-hospital personnel.
- Provide training programs to EMS personnel.
- Assist regional pre-hospital personnel and ambulance services to meet DOH's licensure, certification, and continuing education requirements.²¹

¹⁸ 35 Pa.C.S. § 8153. The Fund was created by Act 37 of 2009, as amended, which repealed and replaced the prior act - Act 45 of 1985, as amended.

¹⁹ 35 Pa.C.S. § 8153(c).

²⁰ Under the Act, the "Board" is defined as "The State Advisory Board, which is the Board of Directors of the Pennsylvania Emergency Health Services Council." See 35 Pa.C.S. § 8103. The Pennsylvania Emergency Health Services Council's "Board of Directors was recognized as the official EMS advisory body to the Pennsylvania Department of Health through the Emergency Medical Services Act of 1985 and was reauthorized in Act 37 of 2009." See <http://pehsc.org/wp-content/uploads/2014/05/FY-16-17-Annual-Report.pdf>.

²¹ 35 Pa.C.S. § 8109(c) and 28 Pa. Code § 1021.104.

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Additionally, management must have an effective internal control system established to manage risk, promote accountability, and prevent and detect instances of error, fraud, or abuse. An internal control system includes the policies, procedures, and daily activities used to safeguard assets. Internal controls ensure the reliability and integrity of financial information, compliance with laws and regulations, and promote efficient and effective operations. Program management is responsible for maintaining an adequate system of internal controls and communicating the expectations and duties to staff as part of a control environment.

The Department of the Auditor General conducted two prior performance audits of DOH's administration of the Fund covering periods beginning July 1, 2010, that were released on February 27, 2014, and December 21, 2015.²² Both audits reported significant control weaknesses that have remained uncorrected through the current audit period ending June 30, 2017. Based on our current review of documents and interviews conducted with DOH management, we found that DOH continues to lack adequate internal controls over Fund dollars distributed to EMS councils. We identified the following deficiencies:

- DOH failed to designate sufficient resources to effectively administer the Fund, including having an adequate internal control system in place.
- DOH does not have formal, documented policies and procedures related to administering the Fund.
- DOH failed to monitor the EMS councils' financial controls or use of Fund dollars.
- DOH failed to validate EMS operating fund expenditures, creating an opportunity for misuse of state funds (see Finding #2).
- DOH failed to ensure that state and regional EMS councils submitted audit reports in compliance with its contract/grant agreement provisions (see Finding #3).
- DOH failed to review regional EMS council annual reports, which led to the majority not being in compliance with regulations and grant agreements (see Finding #4).

To ensure the expenditures from the Fund are used for their intended purpose, as specified by law and regulations, DOH management must develop a documented process to include standard operating procedures and supervisory oversight. DOH management acknowledged the lack of oversight and the importance of adequate controls, however, DOH management stated the

²² The audit report dated February 27, 2014, covered the period July 1, 2010 through June 30, 2012, including follow-up procedures performed and completed as of August 19, 2013. The audit report dated December 21, 2015, covered the period July 1, 2012 through June 30, 2014, including follow-up procedures performed and concluded as of August 18, 2015.

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Bureau did not have the time and staff to document policies or procedures and perform monitoring of the EMS councils due to turnover of key personnel.

Our Department is aware that DOH has many responsibilities and obligations and, like most state agencies, lacks resources to ideally fulfill all of its obligations. However, without documented policies and procedures, Bureau processes may be misunderstood or inconsistently applied by staff. This in turn can lead to ineffective implementation of DOH's statutory and regulatory duties, grant administration, and inadequate Fund oversight. Additionally, the transfer of knowledge to new staff may be hindered without this guidance. DOH's failure to monitor the Fund dollars provided to EMS councils creates a significant risk of abuse of state funds and the potential for fraud. Additionally, DOH has very limited assurance that Fund dollars were spent in accordance with the law and regulations.

It is essential that DOH correct these deficiencies, especially considering the Fund will be receiving additional monies for an Emergency Medical Services Grant Program beginning September 15, 2018.²³ For further information on this new program, please see the Introduction and Background section of this report.

Recommendations for Finding 1

We recommend that DOH:

1. Develop written Bureau policies and procedures. These procedures should include, but not be limited to:
 - a. Review of EMS council invoices and equipment requests.
 - b. Review of EMS council financial statement audit reports.
 - c. Review of EMS council Annual Reports.
 - d. EMS council on-site monitoring.
2. Conduct program monitoring of each EMS council on a periodic or rotating basis.
3. Develop a monitoring tool to perform and document the monitoring as well as train appropriate staff. These monitoring procedures should include the following:
 - a. Create a methodology for how often/when EMS councils are monitored.
 - b. Establish minimum requirements for satisfying the steps on the monitoring tool.
 - c. Require documentation to demonstrate the monitoring steps are satisfied.

²³ 72 P.S. § 9413(a)-(b) (added to Tax Reform Code of 1971 by Act 43 of 2017).

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- d. Require a supervisor to review and document their approval of the results/conclusions of the program monitoring.
4. Establish and document an effective internal control system that encompasses all program operations.
5. Train Bureau staff on its responsibility to ensure that an effective internal control system is in place, operating effectively, and updated as needed.
6. Utilize the Management Directive 325.12 “Standards for Internal Controls in Commonwealth Agencies” (effective July 1, 2015, and amended May 15, 2018) for guidance on establishing and maintaining an effective internal control system.
7. Evaluate whether additional staff are needed and, if necessary, request an increase in the Bureau’s complement.

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Finding 2 – The Department of Health failed to validate EMS operating fund expenditures, creating an opportunity for misuse of state funds.

Seventy-five percent of the money in the Emergency Medical Services Operating Fund (Fund) is disbursed by the Department of Health (DOH) to the Pennsylvania Emergency Health Services Council (PEHSC) and 14 regional EMS councils for the improvement of the EMS system, including ambulance and communication equipment, as well as for training, education, and EMS agency licensure purposes.²⁴ The Bureau of Emergency Medical Services (Bureau) within DOH administers the EMS system. The following table lists each fiscal year appropriation as well as the total amount of revenues and expenditures for the fiscal years ended June 30, 2016, and 2017.

Emergency Medical Services Fund		
	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2017
Total Appropriation²⁵	\$9,600,000	\$9,500,000
Total Revenues	\$8,987,893	\$8,450,393
Total Expenditures	\$9,127,497	\$8,951,416

Source: Commonwealth's SAP accounting system.

Of the \$18.1 million in Fund expenditures (\$9.1 million in the fiscal year ended June 30, 2016, and \$9.0 million in the fiscal year ended June 30, 2017), \$812,137 was disbursed to the PEHSC and \$17.3 million to 14 regional EMS councils to assist them in administering the Commonwealth's EMS system.

Under Section 8112 of the Emergency Medical Services System Act, Fund dollars are permitted to be used for the purposes of providing EMS programs of public education, information, health promotion, and prevention, as well as for costs associated with training programs for EMS providers.²⁶ Fund dollars are also allowed to be used for costs associated with assisting EMS agencies to recruit and retain EMS providers.²⁷ DOH management stated that it has not provided any further guidance to regional EMS councils regarding what is considered allowable purchases within these broad categories of the law. As a result, regional EMS councils are left to interpret these categories on their own. For example, funds could be used for high-priced lunches during a training course or to purchase unjustifiably expensive gifts for a recruitment event. Although we

²⁴ 35 Pa.C.S. § 8153(c), <http://www.legis.state.pa.us/cfdocs/legis/li/uconsCheck.cfm?yr=2009&sessInd=0&act=37> (accessed April 19, 2018).

²⁵ An appropriation is an authorization by the Governor and legislature that represents the prescribed limit on spending within a specified time frame.

²⁶ 35 Pa.C.S. § 8112(c).

²⁷ 35 Pa.C.S. § 8112(c)(9).

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did not identify any questionable purchases during our testing, without more restrictive guidance, the opportunity for misuse of funds or abuse is present.

PEHSC and each of the regional EMS councils submit a summary level invoice to DOH for reimbursement of expenditures on a monthly basis. The invoice includes expenditure categories such as personnel services, subcontract services, supplies, and travel. We reviewed 60 invoices totaling \$3.2 million out of the total \$18.1 million DOH disbursed to the councils during the fiscal years ended June 30, 2016, and June 30, 2017. Based on our review and interviews conducted with DOH management, we found the following weaknesses in DOH's review process of invoices and oversight of Fund expenditures:

- The Bureau did not review any source documentation to substantiate summary level invoices submitted by these councils and paid by DOH. Bureau management indicated that the Bureau did not have the resources to perform these procedures. However, without reviewing source documentation, at least on a sample basis, DOH was not fulfilling its obligations to monitor its grants to the regional EMS councils and cannot be assured that the grant monies were being utilized appropriately. DOH management stated that a requirement of regional EMS councils to provide all documentation supporting each monthly invoice to the Bureau became effective in January 2018. Because this change was beyond the audit period, we did not evaluate this change during this audit.
- Of the 60 invoices reviewed, six did not have documented Bureau approval for payment. The Bureau staff that were present during our audit period are no longer employed by the Bureau; therefore, DOH management indicated that it does not know why approval of the six invoices were not documented. Without documenting its approval, the Bureau has no evidence that a review was performed.

In addition to reviewing the 60 invoices above, we also reviewed supporting documentation for expenditures that passed through the regional EMS councils to EMS agencies. Any funds that a regional EMS council distributes to EMS agencies, known commonly as providers, must be approved by the Bureau Director prior to approving a council's invoice for payment.²⁸ The regional EMS councils submit a "Provider Equipment Request" (request) form to DOH for review and approval. The request form consists of a list of items to be purchased by the pre-hospital providers within the region along with the quantity, unit price, total cost, and amount of Fund dollars requested.

Each year, DOH issues a *PA Bulletin Notice* that lists the maximum allowable amount of Fund monies to be used for each equipment purchase. Fund monies can be used for up to 60% of the

²⁸ An EMS agency is an entity that engages in the business or service of providing emergency medical services to patients within the Commonwealth by operating an ambulance, advanced life support squad vehicle, basic life support squad vehicle, quick response service, special operations EMS service, or a vehicle or service which provides emergency medical services outside of a health care facility. *See* 35 Pa.C.S. § 8103.

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maximum allowable cost of an equipment item for rural providers and up to 50% of the maximum allowable cost of an equipment item for non-rural providers. Providers that receive funding are responsible for the balance of the purchase price.²⁹

The grant agreements between DOH and the regional EMS councils require the regional EMS councils to secure and retain documentation from the providers of the actual items purchased. However, as noted earlier, for the fiscal years ended June 30, 2016, and June 30, 2017, DOH did not require the regional EMS councils to submit this documentation to them.

Of the 60 regional EMS council invoices referenced above, 19 of the invoices contained provider expenditures under the subcontract services expenditure category. We selected four additional provider expenditures to ensure we reviewed at least two provider expenditures from each regional EMS council, if applicable.³⁰ These 23 provider expenditures we reviewed totaled \$950,607.

We obtained the request forms to verify whether all items purchased were requested and approved by the Bureau Director prior to paying the invoice. We also obtained supporting documents, such as invoices or receipts, from the regional EMS councils to verify the items purchased were reasonable and allowable pursuant to law and regulations. Based on our review, we did not identify any purchases that were for unallowable items; however, we found the following weaknesses:

- One of the requests was not signed by the Bureau Director evidencing the review and approval of the purchase and one request was signed by the Bureau Director six months after the corresponding invoice was paid. DOH management stated that these situations were oversights and, in the second case, most likely the oversight was identified and corrected during the year-end closeout procedures.
- For 6 of the 23 expenditures tested, the items listed on the request did not agree with the items actually purchased by the providers. For instance, one council requested funds for a data collection system; however, it actually purchased ambulance child restraints along with the data collection system. Still, it appears all the purchases were permitted pursuant to the applicable law and regulations. DOH management stated that due to a lack of consistent staffing, it was unable to perform procedures to reconcile the requests to the purchases.

²⁹ <https://www.pabulletin.com/secure/data/vol45/45-35/1587.html> (for fiscal year 2015-2016) and <https://www.pabulletin.com/secure/data/vol46/46-33/1402.html> (for fiscal year 2016-2017).

³⁰ Some regional EMS councils did not have any provider expenditures, or only had one provider expenditure, during our audit period.

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- DOH management acknowledged that it failed to ensure that Fund monies were only used for up to 50 or 60 percent of the maximum allowable cost as outlined in the *PA Bulletin Notice*. Additionally, DOH management did not have a process in place to determine whether providers are considered rural or non-rural. Management stated that this is a recognized shortcoming within the Bureau. As a result, we were unable to determine whether any costs that were unallowable due to exceeding the maximum percentage occurred during our audit period.

DOH cannot ensure the appropriateness of purchases without requiring regional EMS councils to provide documentary support after the purchases were made and reconciling the purchases to the items that were originally approved to be purchased by the Bureau Director. Consequently, DOH cannot determine whether Fund dollars were expended in accordance with the purposes permitted by the Act and its associated regulations.³¹ In order to adequately administer the Fund, DOH must ensure its internal controls over Fund expenditures serve to adequately deter, detect, and prevent errors, abuse, and fraud from occurring.

Recommendations for Finding 2

We recommend that DOH:

1. Review, approve, and document approval of all invoices prior to payment.
2. Design and implement procedures to determine and document whether a provider is considered rural or non-rural and ensure Fund monies are not used for more than the respective 50 or 60 percent of the maximum allowable cost as outlined annually in the *PA Bulletin Notice*.
3. Review, approve, and document approval of all provider equipment requests prior to paying the corresponding regional EMS council invoices.
4. Require all regional EMS councils to document and retain invoices/receipts to support all purchases using Fund dollars.
5. Develop and implement procedures to review and document the appropriateness of EMS council expenditures, at least on a sample basis.
6. Develop a detailed policy identifying the uses and restrictions of Fund dollars for each category enumerated in the Act.

³¹ 28 Pa. Code Part VII, Subpart A., Chapter 1021 (relating to Administration of Ems System); *see* also 28 Pa. Code § 1021.24.

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Finding 3 – The Department of Health failed to ensure that state and regional EMS councils submitted audit reports in compliance with its contract/grant agreement provisions.

For the fiscal years ended June 30, 2016, and 2017, there were 15 EMS councils (the Pennsylvania Emergency Health Services Council and 14 regional EMS councils) that received Emergency Medical Services Operating Fund (Fund) dollars from the Department of Health (DOH). The contract/grant agreements with the EMS councils incorporate DOH's Audit Requirements Policy and state that the councils must have a program-specific audit performed when any EMS state funds are expended during the state fiscal year.³² This provision supersedes the dollar threshold for DOH-mandated audits identified in its Audit Requirements Policy. According to DOH's Audit Requirements Policy, the audit report must be submitted within 120 days after the end of each state fiscal year.

The contract/grant agreements with the EMS councils that cover the period July 1, 2015 through June 30, 2017, reference DOH's Audit Requirements Policy dated July 2013, instead of the most recent version dated February 2015. The main difference between the versions, as related to our audit, is that the February 2015 version requires the audit reports to be electronically submitted to both the Program Officer within the Bureau of EMS (Bureau) and the DOH Audit Resolution Section (ARS). The previous version permitted audit reports to be submitted in any format and only to ARS. Due to staff and management turnover during our audit period, current DOH management does not know why the revised policy was not referenced in the contract/grant agreements. However, according to DOH management, it is presently following the most recent version of the policy.

DOH management stated that the ARS completes a desk review of each program-specific audit received by the EMS councils. According to the desk review guide procedures, ARS staff ensure the required reports are submitted, including a report on financial statements, report on internal controls, and report on compliance with laws, regulations, and the provisions of each contract/grant agreement. Additionally, ARS staff ensure a separate "Statement of Contractual Performance" is included in the audit, which depicts a comparison of the budgeted to actual expenditures. ARS staff verifies whether the budgeted and actual expenditures agree with DOH's accounting records. If there are no findings within the audit report, ARS staff will send a letter to the relevant EMS council, copying the Bureau, stating that the audit report has been reviewed and accepted by DOH. If there are findings within the audit report, a memo is sent to the Bureau to review and approve the EMS council's corrective action plan as submitted to DOH along with the audit report. Once approved, ARS staff will send a letter to the relevant EMS council stating

³² The audit must be conducted in accordance with standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the audit requirements of the laws and regulations governing the program in which the grantee participates, and the terms of the contract.

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the audit report and corresponding corrective action plan have been reviewed and accepted by DOH. The desk reviews are signed by the preparer, as well as reviewed, approved, and signed by a supervisor.

It is the responsibility of the Bureau to ensure the EMS councils have complied with all the provisions within its contract/grant agreements, including verifying that the audit reports were submitted, reviewed, and accepted by DOH. However, according to Bureau management, this was not done due to inconsistent staffing in the two administrative positions who have this oversight responsibility.

We requested to review all 15 audits for each of the fiscal years ended June 30, 2016, and 2017. DOH provided 10 of the 15 audits for the fiscal year ended June 30, 2016, and 8 of the 15 audits for the fiscal year ended June 30, 2017. Additionally, 3 of the 18 audits received by DOH were not reviewed and accepted, as outlined in the below chart.

Status of Audit Reports	Fiscal year ended June 30, 2016	Fiscal year ended June 30, 2017
Audit reports received and reviewed/accepted by DOH	8	7
Audit reports received by DOH but not reviewed/accepted	2	1
Audit reports not received by DOH	5	7
Total	15	15

Source: Created by Department of the Auditor General staff.

Based on our review of the 15 audits that were reviewed and accepted by DOH, we found that DOH performed and documented the above procedures in compliance with its policy. According to DOH management, it also verifies the individual or firm who conducted the audit is certified by the Pennsylvania Department of State. However, because this verification is not documented, we were unable to determine if DOH performed this procedure for these audit reports. For the 18 audit reports received by DOH, we accessed the Department of State website and found that all 18 individuals/firms were certified and had a current license.

Since the Bureau does not validate the appropriateness of expenditures or perform onsite monitoring of the EMS councils, the Bureau places reliance upon these audit reports. However, since audit reports for 12 of the 30 audits, or 40 percent, were not received, DOH has no assurance that the state funds were spent on allowable costs. In order to ensure the EMS councils are reaching the goals set forth in each of their grant agreements, DOH must have adequate oversight and monitoring procedures in place. Without obtaining useful information from the EMS councils, adequately reviewing the results of the audits, and addressing findings with the EMS councils, there is very limited assurance that Fund dollars are spent on allowable costs pursuant to the law and regulations.

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Recommendations for Finding 3

We recommend that DOH:

1. Ensure each EMS council annually submits a program-specific audit within 120 days after the end of the state fiscal year in accordance with its contract/grant agreement provisions.
2. Review and accept each program-specific audit, including acceptance of a corrective action plan (if applicable).
3. Document the results of its procedure to verify that all CPA firms conducting the program-specific audits are qualified and properly licensed.
4. Ensure the contract/grant agreements reference the current DOH Audit Requirements Policy.

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Department of Health Emergency Medical Services Operating Fund

Finding 4 – The Department of Health failed to review regional EMS council annual reports, which led to the majority not being in compliance with regulations and grant agreements.

Pennsylvania’s Emergency Medical Services (EMS) system includes 14 regional EMS councils that assist the Department of Health (DOH) in assuring, among others, the availability of training programs for EMS providers, collecting standardized patient care data, and other activities contributing to the achievement of system goals.³³ Additionally, the state advisory board, Pennsylvania Emergency Health Services Council (PEHSC), advises DOH concerning staffing, training, communications, EMS agencies, and the content of regulations, standards, policies, and the Statewide EMS system plan issued by DOH.³⁴ Regulations require that the regional EMS councils submit annual reports to DOH no later than 30 days after the end of the fiscal year and require that the PEHSC “make available to the public an annual report,” noting that the PEHSC must outline the information contained within each annual report as follows:

Regional EMS Required Information³⁵	PEHSC Required Information³⁶
Financial statement of income and expenses	Financial statement of income and expenses
Statement disclosing the names of officers and directors	Statement disclosing the names of officers and members of the Advisory Board
Activities and accomplishments of the preceding year	Activities and accomplishments of the preceding year

Source: Created by Department of the Auditor General staff.

For the fiscal years ended 2016 and 2017, we assessed whether: (1) DOH obtained and reviewed the annual reports; and (2) the information contained the annual reports complied with applicable regulations and grant agreements. The following sections describe our results.

³³ 35 Pa.C.S. § 8109(c).

³⁴ 35 Pa.C.S. § 8108(b).

³⁵ 28 Pa. Code § 1021.103(d). This subsection provides as follows, in part: “The governing body shall make available to the public an annual report *no later than 30 days after the end of the fiscal year*. This requirement may be met by posting the annual report on the regional EMS council's web site. The governing body also shall provide the Department with an electronic or hard copy of the annual report within the *same time frame...*” (Emphases added.)

³⁶ 28 Pa. Code § 1021.121(d). DOH’s contract with PEHSC requires that the annual report must be submitted to DOH within 60 calendar days of the end of the fiscal year.

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DOH obtained all required annual reports but admittedly failed to review them.

Based on our audit procedures, we found that DOH obtained all 28 annual reports from the 14 regional EMS councils and 2 annual reports from the PEHSC for the fiscal years ended June 30, 2016 and 2017, but we could not determine whether the reports were received within 30 days after the end of each fiscal year. According to DOH management, the receipt of the annual reports was tracked; however, DOH could not provide evidence of this tracking because a change in DOH's SharePoint site caused the information to be unrecoverable.³⁷

Based on our inquiry, DOH management stated that the annual reports were filed without being reviewed due to a lack of adequate and consistent staffing. DOH reviewing the annual EMS council reports is essential to their obligation to ensure that the regional EMS councils are operating effectively and adequately accounting for funds. The annual reports provide DOH with a tool to assist in monitoring the regional EMS councils and the overall statewide program, as well as analyzing EMS activities and expenditures within the various regions to evaluate the adequacy of allocated funds. Reviewing annual reports would help DOH ensure it is providing sufficient resources to meet the needs of the regional EMS councils and the communities they serve.

This lack of review contributed to DOH's failure to discover that most of the annual reports did not contain all the information required by applicable regulations and grant agreements as noted in the next section.

With the exception of PEHSC, whose annual reports contained all information required by applicable regulations and its contract, most regional EMS councils' annual reports were found to be out of compliance with applicable regulations and grant agreements.

We reviewed the annual reports for all 14 regional EMS councils for the fiscal years ended June 30, 2016, and June 30, 2017. The following table details whether the 28 annual reports contained the information required by the applicable regulations.

³⁷ SharePoint is a web-based document management and storage system that integrates with Microsoft Office.

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Information Requirement	Number of regional EMS council annual reports		
	In compliance	Not in compliance	Total
Income and expenses	11	17	28
Names of officers and directors	20	8	28
Activities and accomplishments	28	0	28

Source: Created by Department of the Auditor General staff.

Of the 28 annual reports, only 3 complied with all the regulation requirements. The regional EMS councils' noncompliance with the annual reporting regulations appears to be caused, in part, by inconsistencies between the regulatory requirements and DOH grant agreement/instruction requirements provided to the regional EMS councils.

The grant agreements between DOH and the regional EMS councils omit the regulatory requirement for disclosing the names of the officers and directors but include an additional requirement to incorporate the number of EMS agencies and rescue services requesting and receiving funding. With regard to the additional grant agreement information requirement, based on our review of the 28 annual reports, we found that 11 complied with this requirement while 17 were out of compliance.

Additionally, in August 2016, DOH issued an internal policy memo to the regional EMS councils to provide written instructions outlining the required information to be included in the annual reports and the format of the annual reports in order to ensure consistency. This new format was implemented for the fiscal year ended June 30, 2017, and includes the following sections:

- Board of directors and officers
- Regional activities/organizational management
- Medical direction
- Systems operations
- Education
- Continuous quality improvement
- Emergency Preparedness Activities

These instructions omit the income and expense information, which is required by both the regulations and the grant agreements. Again, this appears to have contributed to the non-compliance with the information required by the regulations as noted above.

While it is beneficial that DOH created and implemented an internal policy regarding annual reporting requirements and provided format instructions to the regional EMS councils, this policy, as well as the grant agreements, need to be consistent and in compliance with regulations. DOH management stated its intention was to expand the information included in the annual

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reports so that the reports would be of more value, but they were unaware that the grant agreements and their internal policy clearly omitted important information required by regulations. However, the additional information will only be valuable if DOH actually reviews the annual reports and uses the information provided.

In contrast, the language in DOH's contract with PEHSC was consistent with regulations regarding the submission of annual reports. We reviewed PEHSC's annual reports for the fiscal years ended June 30, 2016, and 2017, and found the annual reports to be in compliance with regulations and its contract.

Recommendations for Finding 4

We recommend that DOH:

1. Ensure the regional EMS council grant agreements and DOH internal policy, regarding the information to be included in the annual reports, are consistent and in compliance with regulations.
2. Track the receipt of the regional EMS council annual reports to ensure that all annual reports have been submitted and retain the tracking document.
3. Timely review the annual reports to ensure the information is complete, accurate, and in compliance with regulations, contract/grant agreements, and DOH internal policies.
4. Develop written standard operating procedures to ensure that DOH staff consistently reviews annual reports and document the review process.
5. Consider aggregating annual report information to assist in monitoring the regional EMS councils and the overall statewide program.

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Department of Health Emergency Medical Services Operating Fund

Audit Procedures and Results – Department of Health’s Head Injury Program complied with law and regulations.

Twenty-five percent of the money in the Emergency Medical Services Operating Fund (Fund) is allocated to the Catastrophic Medical and Rehabilitation Fund to administer the Head Injury Program (HIP) which pays for medical, rehabilitation, and attendant care services for persons with traumatic brain injury.³⁸ The Bureau of Family Health within the Department of Health (DOH) administers HIP.

The following table lists each fiscal year appropriation as well as the total amount of revenues and expenditures that were subject to audit:

Catastrophic Medical Rehabilitation Fund		
	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2017
Total Appropriation³⁹	\$4,800,000	\$4,650,000
Total Revenues	\$2,995,964	\$2,816,798
Total Expenditures	\$3,587,891	\$3,654,667

Source: Commonwealth’s SAP accounting system.

To determine whether DOH ensured the revenues and expenditures of the Fund are adequately supported, properly accounted for, and used for their intended purposes as specified by law and regulations, we performed audit procedures on the revenues and expenditures of the Head Injury Program.

Our audit included analytical procedures to analyze fund activity, detail substantive procedures on a selection of items to test revenue and expenditure transactions, evaluation and testing of management controls, and consideration of the results of audit work performed by the Department of the Auditor General’s Bureau of County Audits. The Bureau of County Audits performs examinations of the revenues and receipts of various county offices which include the dollars remitted to the state by law to the Fund.

We did not identify any weaknesses in the management controls that we tested, we did not identify any misstatements of financial information, and we did not identify any noncompliance with applicable law and regulations.

³⁸ See 35 Pa.C.S. § 8153(d).

³⁹ An appropriation is an authorization by the Governor and legislature that represents the prescribed limit on spending within a specified time frame.

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Status of Prior Audit Findings

Our prior performance audit of the Emergency Medical Services Operating Fund (Fund) administered by the Department of Health (DOH) dated December 21, 2015, covered the period July 1, 2012 through June 30, 2014, and contained five findings with 29 recommendations. The following section provides the status of these findings. One prior audit finding was resolved and two prior audit findings were partially resolved, as noted below. The remaining two prior audit findings were reissued in the current audit report.

Prior Finding 1 – The Department of Health ineffectively administered the Emergency Medical Services Operating Fund. (Not Resolved)

In our prior audit, we found that DOH did not have adequate internal controls over Fund dollars distributed to EMS councils. Specifically, we found DOH failed to designate sufficient resources to effectively administer the Fund, including having an adequate internal control system in place. Additionally, we found that DOH had no formally documented policies and procedures related to administering the Fund and DOH failed to monitor the EMS councils' financial controls or use of Fund dollars.

We recommended that DOH: (1) Develop written Bureau of Emergency Medical Services (Bureau) policies and procedures; (2) Conduct program monitoring of each EMS council on a periodic or rotating basis; (3) Develop a monitoring tool to perform and document the monitoring as well as train appropriate staff; (4) Establish and document an effective internal control system that encompasses all program operations; (5) Train Bureau staff on effective internal controls and its responsibility and accountability to ensure the internal control system is in place, operating effectively, and updated as needed; (6) Utilize the Bureau of Family Health's administration of Fund dollars within the Head Injury Program and Management Directive 325.12 "Standards for Internal Controls in Commonwealth Agencies" (effective July 1, 2015) for guidance on establishing and maintaining an effective internal control system; and (7) Evaluate whether additional staff are needed and, if necessary, request an increase in the Bureau's complement.

Status as of this audit

DOH management did not implement these recommendations; therefore, the finding has not been resolved. Further evaluation of this topic and our recommendations can be found in Finding 1 of the current audit report.

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Prior Finding 2 – The Department of Health failed to allocate EMS operating funds to state and regional EMS councils in accordance with regulations. (Resolved)

In our prior audit, we found that DOH management did not fulfill the requirements of its regulations because it did not consider all required factors in determining the amount of Fund dollars regional EMS councils receive each year. Additionally, we found that DOH did not have formal written policies and procedures which documented the formula used to allocate Fund dollars. Further, DOH used outdated census information and did not allocate the funds in accordance with the formula verbally conveyed to us.

We recommended that DOH: (1) Develop and document an allocation process policy that considers all ten factors required by regulation and objectives set forth in the state plan; (2) Reevaluate the allocation process prior to awarding contracts each year to ensure the policy is consistent with DOH priorities; (3) Document the decision and justification for any revisions of the allocation process; (4) Train appropriate personnel on how to use its formula for calculating regional EMS council allocations; (5) Immediately begin to use the most recent census data and correct the error in the formula used for the allocations; and (6) Implement supervisory review procedures to ensure the allocation of funds to regional EMS councils is based on the correct formula and the most recent census data, is mathematically accurate, and is in accordance with DOH policy.

Status as of this audit

DOH management reviewed and considered the ten factors to determine the formula to allocate Fund dollars to the regional EMS councils in accordance with regulations. DOH documented its formula and rationale as to which factors were included or not included in the formula.

We verified that DOH used the most recent 2010 census data in its allocation formula and the allocations were accurately calculated in accordance with its documented policy for the fiscal years ended June 30, 2016, and 2017. Additionally, for the fiscal year ended June 30, 2017, DOH management implemented a supervisory review process where the program manager, bureau director, and administrative officer sign and date an attestation sheet indicating their review and approval of the accuracy of the formula calculations and use of the most recent census data.

Based on these procedures, our recommendations were implemented and the prior audit finding is resolved.

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Prior Finding 3 – The Department of Health failed to validate EMS operating fund expenditures resulting in misuse of state funds. (Not Resolved)

In our prior audit, we found that DOH did not obtain any source documents to substantiate summary level invoices submitted by the state and regional EMS councils and paid by DOH. Additionally, DOH did not consistently document its approval for payment of the summary level invoices. Further, in relation to prehospital provider equipment purchases, we found DOH management was approving requests for equipment that did not include sufficient information. Also, we identified prehospital provider equipment purchases that were unable to be validated through source documents and purchases that appeared to misuse state funds.

We recommend that DOH: (1) Review, approve, and document approval of all invoices prior to payment; (2) Require all regional EMS councils to submit itemized “Provider Equipment Request” forms and only approve the forms if all information is thoroughly documented; (3) Require all regional EMS councils to document and retain invoices/receipts to support all purchases using Fund dollars; (4) Develop and implement procedures to review and document the propriety of EMS council expenditures, at least on a sample basis; (5) Research the identified questionable costs and document as to why the purchases were allowed and if the purchases are deemed unallowable, require recoupment of the funds from the regional EMS councils in a timely manner; and (6) Develop a detailed policy identifying the uses and restrictions of Fund dollars for each category enumerated in the Act.

Status as of this audit

DOH management did not implement these recommendations; therefore, the finding has not been resolved. Further evaluation of this topic and our recommendations can be found in Finding 2 of the current audit report.

Prior Finding 4 – The Department of Health failed to review state and regional EMS council financial audits. (Partially Resolved)

In the prior audit, we found that DOH did not require a program-specific audit to be performed for Fund dollars. Additionally, we found that DOH did not adequately review the financial audits received and follow-up on findings identified. Further, we found that a CPA firm that audited one regional EMS council’s financial statements was not licensed by the Commonwealth.

We recommend that DOH: (1) Require all regional EMS councils to have program-specific audits, in which the annual financial audit report would include a Schedule of Fund Contractual Performance; (2) Develop written procedures for the Bureau to review the audits submitted by

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the state-wide Pennsylvania Emergency Health Services Council and the EMS regional councils, including documenting the results and supervisory approval. Procedures should also include the process of comparing cumulative Fund expenditures from the invoices to the Fund expenditures' schedule noted in the audit report; (3) Implement the audit review procedures developed in Recommendation 2 above; (4) Verify that all CPA firms conducting the program-specific audits are qualified and properly licensed; and (5) Address and document resolution of all findings noted in the state-wide and regional EMS council audit reports.

Status as of this audit

The DOH Audit Resolution Section (ARS) developed written procedures to review the program-specific audits, including verifying the budgeted and actual expenditures within the audit report agrees with DOH accounting records. The results of these reviews are documented and approved by a supervisor. Additionally, DOH reviewed and accepted corrective action plans for any findings noted in the program-specific audits. Therefore, the prior audit recommendations 2, 3, and 5 have been implemented.

DOH management revised the language within its contract/grant agreements to require a program-specific audit from all EMS councils. However, DOH did not ensure that all of the EMS councils submitted these audits, nor did they review and accept all of the audits received. According to DOH management, it verified that the CPA firms conducting the program specific audits are qualified and properly licensed by searching the PA Department of State website; however, this verification was not documented. Therefore, the prior audit recommendations 1 and 4 have not been implemented. Further evaluation of this topic and our recommendations can be found in Finding 3 of the current audit report.

Prior Finding 5 – The Department of Health failed to obtain and review regional EMS council annual reports. (Partially Resolved)

In our prior audit, we found that DOH management did not enforce the requirement that the state and regional EMS councils submit an annual report each year. Based upon the annual reports actually provided by DOH, the information contained in the annual reports was not in compliance with regulations.

We recommended that DOH: (1) Enforce the requirement that the Boards of all regional EMS councils must submit annual reports in accordance with regulations; (2) Develop guidelines detailing the specific items regional EMS councils should include in the annual reports in order for DOH to collect quality information that is most beneficial in meeting program objectives; (3) Develop a uniform format for the annual reports so that data can be easily summarized and

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analyzed for the Commonwealth as a whole; (4) Provide written instructions to the regional EMS councils detailing the requirements of submitting an annual report and consequences if the annual reports are not submitted; and (5) Track and review annual reports, ensuring the information is accurate, to assist in monitoring the regional EMS councils and the overall statewide program.

Status as of this audit

For the fiscal years ended June 30, 2016, and 2017, DOH management enforced the requirement that the regional EMS councils and the state advisory board submit an annual report each year. Additionally, in August 2016, DOH developed an internal policy detailing the information that should be included in the annual reports and prescribed a consistent format for the annual reports. Further, the grant agreements with the regional EMS councils and the contract with the state advisory board were amended, and now include a provision stating that funds will be withheld if the annual reports are not submitted. Therefore, the prior audit recommendations 1-4 have been implemented.

According to DOH management, the receipt of the annual reports was tracked; however, the annual reports were filed upon receipt and not reviewed due to a lack of adequate and consistent staffing. We could not verify whether the tracking was performed because a change in DOH's SharePoint site caused the information to be unrecoverable. Therefore, the prior audit recommendation 5 has not been implemented. Further evaluation of this topic and our recommendations can be found in Finding 4 of the current audit report.

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Agency's Response and Auditor's Conclusion

We provided copies of our draft audit findings and status of prior findings and related recommendations to the Department of Health (DOH) for its review. On the pages that follow, we included DOH's response in its entirety. Following the agency's response is our auditor's conclusion.

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Audit Response from the Department of Health

Commonwealth of Pennsylvania



DEPARTMENT OF HEALTH

JUN 18 2018

DEPUTY SECRETARY FOR
ADMINISTRATION

Janet B. Ciccocioppo, CPA
Director, Bureau of Performance Audits
Department of the Auditor General
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Dear Ms. Ciccocioppo:

The Department of Health (DOH) and the Bureau of Emergency Medical Services (BEMS) thank the Department of the Auditor General's for their work regarding the performance audit of the Emergency Medical Services Operating Fund (EMSOF), and for providing recommendations on how to improve oversight and administration of the EMSOF.

Overall Response to Findings

Significant employee turnover in key BEMS positions related to administering the EMSOF hampered BEMS's ability to implement the recommendations of previous audits. Those positions have now been filled. DOH, as well as BEMS, are fully committed to addressing the issues identified in these audits. BEMS has already implemented many recommendations from this and previous audits.

DOH would also like to point out that the administration of the EMS grants will be impacted by the "Shared Services for Health and Human Services" (Shared Services), which became effective January 27, 2018. Shared Services combined certain administrative functions for DOH, the Department of Human Services, the Department of Aging, and the Department of Drug and Alcohol Programs. Included in the Shared Services are the procurement and audit resolution functions. Accordingly, future grants will go through the Shared Services procurement office and future audits will be coordinated through the Shared Services Audit Resolution Section. Additionally, the Shared Services procurement office uses audit clauses that were developed by the Shared Services Audit Resolution Section. The subrecipient audit clause applicable to

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the EMS grants uses thresholds to determine the level of audit service needed. The thresholds are:

- \$750,000 or more Federal funding – Single Audit
- \$750,000 or more combined Federal and State funding – Yellow Book audit
- \$500,000 - \$749,999 combined Federal and State funding – Compliance Attestation
- Less than \$500,000 combined Federal and State funding – Exempt from audit requirements

Please note that the Emergency Medical Services System Act and the 28 PA Code Chapter 1021 regulations are silent on audit requirements for the EMS councils. Also, please note that based on 2016-2017 data, the 14 audits would become 4 audits and 3 compliance attestations, and there would still be 76 percent coverage on the dollars (via audit and/or compliance attestation). This coverage along with the new process whereby all EMS council expenditures are being tracked by DOH staff will give great assurance that expenditures are proper and accounted for while also lessening the audit costs so that those dollars can be spent on EMS training and equipment as intended.

Specific Responses to Findings

Finding 1: The Department of Health continued to ineffectively administer the Emergency Medical Services Operating Fund and failed to correct past significant weaknesses in its internal controls.

Recommendation 1a:

1. Develop written Bureau policies and procedures. These procedures should include, but not be limited to:
 - a. Review of EMS council invoices and equipment requests.

DOH Response: DOH concurs with this recommendation. BEMS completed drafting a written policy on May 21, 2018 that addresses the review of EMS council invoices. This policy is currently under review by internal stakeholders. The policy provides step-by-step instructions for BEMS administrative personnel responsible for invoicing. The policy also addresses how staff should proceed when key positions referenced within the policy are unavailable by creating written contingencies should staff turnover once again become an issue. This policy will be submitted through DOH's policy approval workflow and will be removed from draft form in quarter 3 of 2018.

Recommendation 1b:

1. Develop written Bureau policies and procedures. These procedures should include, but not be limited to:
 - b. Review of EMS council financial statement audit reports.

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Ms. Janet B. Ciccocioppo

3

DOH Response: DOH concurs with this recommendation. BEMS is working to schedule a meeting with the Shared Services Audit Resolution Section to identify and document a process to ensure audit reports and/or compliance attestations are reviewed in a timely manner. This process will be written and available to all staff in BEMS and the Shared Services Audit Resolution Section. This meeting will take place no later than July 13, 2018.

Recommendation 1c:

1. Develop written Bureau policies and procedures. These procedures should include, but not be limited to:
 - c. Review of EMS council Annual Reports.

DOH Response: DOH concurs with this recommendation. BEMS drafted a written policy on May 31, 2018 in accordance with the recommendations provided in Finding 4. This policy will be submitted through DOH's policy approval workflow and will be removed from draft form in quarter 3 of 2018. Furthermore, interim guidance was sent to all regional EMS councils on June 12, 2018 informing them of these requirements and of BEMS's expectations for annual reports that are due on July 30, 2018 to close out FY 2017-2018.

Recommendation 1d:

1. Develop written Bureau policies and procedures. These procedures should include, but not be limited to:
 - d. EMS council on-site monitoring.

DOH Response: DOH concurs with this recommendation. BEMS is developing a written policy to address EMS council on-site monitoring. This policy will be published in quarter 4 of 2018.

Recommendation 2: Conduct program monitoring of each EMS council on a periodic or rotating basis.

DOH Response: DOH concurs with this recommendation. Upon completion of the EMS council on-site monitoring policy, on-site monitoring will begin during the 2018-2019 fiscal year.

Recommendation 3: Develop a monitoring tool to perform and document the monitoring as well as train appropriate staff. These monitoring procedures should include the following:

- a. Create a methodology for how often/when EMS councils are monitored.
- b. Establish minimum requirements for satisfying the steps on the monitoring tool.
- c. Require documentation to demonstrate the monitoring steps are satisfied.
- d. Require a supervisor to review and document their approval of the results/conclusions of the program monitoring.

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DOH Response: DOH concurs with this recommendation. BEMS will include these recommendations in the EMS council on-site monitoring policy.

Recommendation 4: Establish and document an effective internal control system that encompasses all program operations.

DOH Response: DOH concurs with this recommendation. Aspects of Internal Controls in the Federal Government (the Green Book – as referenced in Management Directive 325-12) have been incorporated into the written policies that have been and will be developed in response to these findings. Additionally, the Green Book will be utilized as a core document in the training that will be administered as outlined in recommendation 5 of this finding.

Recommendation 5: Train Bureau staff on its responsibility to ensure that an effective internal control system is in place, operating effectively, and updated as needed.

DOH Response: DOH concurs with this recommendation. Training for current employees will be developed and delivered no later than December 31, 2018.

Recommendation 6: Utilize the Management Directive 325.12 “Standards for Internal Controls in Commonwealth Agencies” (effective July 1, 2015 and amended May 15, 2018) for guidance on establishing and maintaining an effective internal control system.

DOH Response: DOH concurs with this recommendation. Aspects of the Green Book have been incorporated into the written policies that have been and will be developed in response to these findings. Additionally, the Green Book will be utilized as a core document in the training that will be administered as outlined in recommendation 5 of this finding.

Recommendation 7: Evaluate whether additional staff are needed, and, if necessary, request an increase in the Bureaus complement.

DOH Response: DOH concurs with this recommendation. Now that all key positions are staffed, BEMS will further evaluate the workflow in administering the EMSOF fund. Following the implementation and evaluation of new written policies, BEMS will be able to identify if further staff/complement adjustments are necessary.

Finding 2: The Department of Health failed to validate EMS operating fund expenditures, creating an opportunity for potential misuse of state funds.

Recommendation 1: Review, approve, and document approval of all invoices prior to payment.

DOH Response: DOH concurs with this recommendation. BEMS completed drafting a written policy on May 21, 2018 that incorporates this recommendation. This policy will be submitted through DOH’s policy approval workflow and will be removed from draft form in quarter 3 of 2018.

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Recommendation 2: Design and implement procedures to determine and document whether a provider is considered rural or non-rural and ensure Fund monies are not used for more than 50 or 60 percent of the maximum allowable cost as outlined annually in the PA Bulletin Notice.

DOH Response: DOH concurs with this recommendation. BEMS will work to develop a method by which provider agencies are classified. This method will be finalized by quarter 4 of 2018.

Recommendation 3: Review, approve, and document approval of all provider equipment requests prior to paying the corresponding regional EMS council invoices.

DOH Response: DOH concurs with this recommendation. The Director of BEMS will approve provider equipment requests prior to disbursement. While this was partially addressed based on previous findings, BEMS will publish a written policy by the end of quarter 3 of 2018 to memorialize this process.

Recommendation 4: Require all regional EMS councils to document and retain invoices/receipts to support all purchases using fund dollars.

DOH Response: DOH concurs with this recommendation. This requirement is already included in all regional council grants. An additional policy was drafted on May 21, 2018 requiring regional councils who cannot provide a supporting documentation for a purchase to submit a written explanation as to why the documentation is missing and unobtainable. This policy will be submitted through DOH's policy approval workflow and will be removed from draft form in quarter 3 of 2018.

Recommendation 5: Develop and implement procedures to review and document the propriety of EMS council expenditures, at least on a sample basis.

DOH Response: DOH concurs with this recommendation. BEMS completed drafting written policy on May 21, 2018 that incorporates this recommendation. Additionally, specific guidance has been created for BEMS administrative personnel in reviewing and documenting the propriety of EMS council expenditures.

Recommendation 6: Develop a detailed policy identifying the uses and restrictions of Fund dollars for each category enumerated in the Act.

DOH Response: DOH concurs with this recommendation. Following the performance audit dated December 21, 2015, BEMS developed additional guidance identifying the uses and restrictions of EMSOF dollars. This guidance was included in the regional council grants. BEMS will revise this guidance to add clarity.

Finding 3: The Department of Health failed to ensure that state and regional EMS councils submitted audit reports in compliance with its contract/grant agreement provisions.

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Recommendation 1: Ensure each EMS council annually submits a program-specific audit within 120 days after the end of the state fiscal year in accordance with its contract/grant agreement provisions.

DOH Response: DOH concurs with this recommendation. BEMS will make the tracking and timely receipt of the audits and/or compliance attestations a priority, beginning with the audits received to close out the 2017-2018 fiscal year.

Recommendation 2: Review and accept each program-specific audit, including acceptance of a corrective action plan (if applicable).

DOH Response: DOH concurs with this recommendation. BEMS is working to schedule a meeting with Shared Services Audit Resolution Section to identify process gaps and identify additional ways to address this recommendation. This meeting will take place no later than July 13, 2018.

Recommendation 3: Document the results of its procedure to verify that all CPA firms conducting the program-specific audits are qualified and properly licensed.

DOH Response: DOH will consider this recommendation. BEMS is working to schedule a meeting with Shared Services Audit Resolution Section to identify process gaps and identify additional ways to address this recommendation. This meeting will take place no later than July 13, 2018.

Recommendation 4: Ensure the contract/grant agreements reference the current DOH Audit Requirements Policy.

DOH Response: DOH concurs with this recommendation. As stated in the "Overall Response to Findings" section above, future grants will incorporate the Shared Services audit clause language.

Finding 4: The Department of Health failed to review regional EMS council annual reports, which led to the majority not being in compliance with regulations and grant agreements.

Recommendation 1: Ensure the regional EMS council grant agreements and DOH internal policy regarding the information to be included in the annual reports are consistent an in compliance with regulations.

DOH Response: DOH concurs with this recommendation. BEMS has developed a written policy that incorporates this recommendation. The policy is currently in draft format. This policy will be finalized by the end of quarter 3 of 2018. Formal communication was shared with the regional councils on June 12, 2018 updating the template that was previously provided to them. The template has been updated to include the financial disclosure information.

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Recommendation 2: Track the receipt of the regional EMS council annual reports to ensure that all annual reports have been submitted and retain the tracking document.

DOH Response: DOH concurs with this recommendation. BEMS has drafted a written policy that incorporated this recommendation. This draft will be pushed through DOH's policy workflow and removed from draft form by the end of quarter 3 of 2018.

Recommendation 3: Timely review the annual reports to ensure the information is complete, accurate, and in compliance with regulations, contract/grant agreements, and DOH internal policies.

DOH Response: DOH concurs with this recommendation. BEMS finished drafting a written policy on May 31, 2018 that incorporates this recommendation. This policy will be pushed through DOH's workflow and will be removed from draft status by the end of quarter 3 of 2018.

Recommendation 4: Develop written standard operating procedures to ensure that DOH staff consistently reviews annual reports and document the review process.

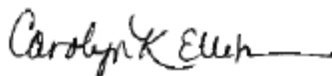
DOH Response: DOH concurs with this recommendation. BEMS completed drafting a written policy on May 31, 2018 that incorporates this recommendation. This policy will be pushed through DOH's policy workflow and will be removed from draft status in quarter 3 of 2018.

Recommendation 5: Consider aggregating annual report information to assist in monitoring the regional EMS councils and the overall statewide program.

DOH Response: DOH concurs with this recommendation. For appropriate items and metrics, BEMS will aggregate information utilizing an Excel tool. This will be implemented for annual reports that are received at the close of the 2017-2018 fiscal year.

Thank you for the opportunity to respond to this report. If you have any questions, please contact Mr. David R. Bryan, Manager, Audit Resolution Section, Bureau of Financial Operations, at (717) 783-7217 or davbryan@pa.gov.

Sincerely,



Carolyn K. Ellison
Deputy Secretary for Administration
Shared Services for Health and Human Services

c: Mr. David R. Bryan

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Emergency Medical Services Operating Fund**

Auditor's Conclusion to the Department of Health's Response

The Department of Health (DOH) agreed with all of our findings and has indicated that it is in varying stages of implementing our suggested recommendations. We hope that DOH fully addresses these issues to improve the administration of the Emergency Medical Services program. We will follow up at an appropriate time to determine whether, and to what extent, all recommendations have been properly implemented.

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Appendix A

Objective, Scope, and Methodology

The Department of the Auditor General conducted this performance audit pursuant to Section 8153(e) of the Emergency Medical Services System Act, 35 Pa.C.S. § 8153(e), to assess the Department of Health's (DOH) administration of the Emergency Medical Services Operating Fund (EMSOF). We also conducted this audit under the authority of Sections 402 and 403 of The Fiscal Code, 72 P.S. §§ 402 and 403.

We conducted this audit in accordance with applicable *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Objective

Our performance audit objective was as follows:

- Determine whether DOH ensured that EMSOF collections and expenditures were adequately supported, properly accounted for, and used for the purpose(s) intended by law and regulations, including the collections and expenditures of the regional EMS councils.

We also conducted procedures to determine whether DOH implemented our prior EMSOF performance audit's findings and recommendations from the report issued in December 2015.

Scope

The audit period was July 1, 2015 through June 30, 2017.

DOH management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance of compliance with applicable laws and regulations, contracts, grant agreements, and administrative policies and procedures related to its programs.

In conducting our audit, we obtained an understanding of DOH's internal controls, including any information systems controls, if applicable, that we considered to be significant within the context of our audit objective.

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For those internal controls that we determined to be significant within the context of our audit objective, we also assessed the effectiveness of the design and implementation of those controls as discussed in the *Methodology* section that follows. Any deficiencies in internal controls that we identified during the conduct of our audit and determined to be significant within the context of our audit objective are included in this report.

Methodology

All of the items selected for testing in this audit were based on auditor's professional judgment. Consequently, the results of our testing cannot be projected to, and are not representative of, the corresponding populations.

To address our audit objective, we performed the following procedures:

- Reviewed the Emergency Medical Services System Act, Act 37 of 2009; Title 35 of the PA Consolidated Statutes §§ 8101-8157; *PA Bulletin Notice* 45 Pa.B. 5458 (August 29, 2015); *PA Bulletin Notice* 46 Pa.B. 5025 (August 13, 2016); and Title 28 of the Pa. Code Chapters 4 and 1021, relating to the Head Injury Program and the administration of the EMS system, respectively.
- Interviewed staff and management from the DOH Bureau of Emergency Medical Services, DOH Bureau of Family Health, and Shared Services for Health and Human Services Audit Resolution Section (formerly the DOH Bureau of Administrative and Financial Services) to assess controls and gain an understanding of policies and procedures related to the EMS Program and Head Injury Program.
- Verified that the revenue collected from the County Clerk of Courts and District Justice Offices for traffic violations and Accelerated Rehabilitative Disposition costs agreed to the revenue deposited into the EMSOF, and that the revenue was properly allocated to Emergency Medical Services and Catastrophic Medical Rehabilitation Services as prescribed by law and regulations.
- For the 48 revenue postings in the Commonwealth's SAP accounting system for the two fiscal years ended June 30, 2017, we judgmentally selected five postings (2 County Clerk of Courts and 3 District Justice Offices) ensuring at least one posting date in each fiscal year. For each posting, we obtained the SAP Adjustment Memo and Collections Summary Report from the Department of Revenue to support the revenue posting. From each Collections Summary Report, we judgmentally selected one Clerk of Courts/District Justice Office ensuring the revenues were collected by a county that was audited by the Department of Audit General, Bureau of County Audits. We placed reliance on these

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audit reports which found the receipts were collected in accordance with law and regulations.

Emergency Medical Services Program:

- Obtained the grant agreements between DOH and the regional EMS councils and the contract between DOH and the statewide advisory council for our audit period and verified the grant agreements/contract were in accordance with law and regulations and were approved by the appropriate DOH officials.
- Recalculated the amounts allocated to each regional EMS council during our audit period using DOH's allocation formula to verify the accuracy of the allocations.
- Judgmentally selected 60 expenditures totaling \$3.2 million out of the \$18.1 million DOH disbursed to the EMS councils during the period July 1, 2015 through June 30, 2017. We selected two expenditures from each regional EMS council and the statewide advisory council for each fiscal year, focusing on non-recurring dollar amounts. We obtained the related invoice and verified whether the expenditures were properly accounted for, adequately supported, and used for their intended purposes per law and regulations. We also verified whether DOH reviewed and documented approval of the invoice prior to payment to ensure adequate management oversight controls.
- Of the 60 expenditures selected as described above, 19 were provider expenditures. We judgmentally selected 4 additional provider expenditures to ensure we reviewed at least two provider expenditures from each regional EMS council that had provider expenditures during our audit period. For these 23 provider expenditures, we verified whether all items purchased were requested and approved by the appropriate individuals prior to paying the invoice. We obtained invoices/receipts from the regional EMS councils to verify whether the items purchased were reasonable and allowable pursuant to law and regulations.
- Requested the annual financial audits submitted to DOH for the calendar years ended December 31, 2015, and December 31, 2016, or the fiscal years ended June 30, 2016, and June 30, 2017, for all 14 regional EMS councils and the PA Emergency Health Services Council, and reviewed the 18 provided. We verified whether DOH adequately reviewed the audits and completed its review checklist, including comparing the Schedule of Contractual Performance to DOH's accounting records. We also verified whether DOH adequately followed-up on any findings by ensuring adequate corrective action was taken by the regional EMS councils. Further, we verified whether the CPA firm that conducted the audit was actively licensed by the Department of State.

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- Reviewed the annual reports from the 14 regional EMS councils and the PA Emergency Health Service Council submitted to DOH for the fiscal years ended June 30, 2016, and June 30, 2017. We verified whether the annual reports contained all the information required by regulations and grant agreements/contract.

Head Injury Program:

- Reviewed the contracts between DOH and the service providers and the grant agreement between DOH and the Brain Injury Association of Pennsylvania for our audit period and determined whether the contracts/grant agreement were in accordance with law and regulations and were approved by the appropriate DOH officials.
- Reviewed each provider's accreditation from the Commission on Accreditation of Rehabilitation Facilities to determine whether the provider was eligible to participate in the program during the audit period.
- Judgmentally selected 25 expenditures totaling \$914,384 out of the \$7.2 million DOH disbursed during the period July 1, 2015 through June 30, 2017. We selected one expenditure from each service provider and the Brain Injury Association of Pennsylvania for each fiscal year and additional expenditures appearing unusual in nature. We obtained the related invoice report and selected one service provided to an individual patient. We determined whether the expenditure was properly account for, adequately supported, and used for their intended purposes per law and regulations. We also reviewed documentation to verify whether the individual was eligible to participate in the program.
- Judgmentally selected 3 of the 13 provider monitoring visits DOH conducted during our audit period. We selected the two providers with the highest expenditures and the most recent monitoring visit to the Brain Injury Association of Pennsylvania. For the three monitoring visits, we reviewed DOH's completed monitoring tool and resulting conclusion letters to ensure the monitoring was adequately performed and supervisory approval was adequately documented.

Data Reliability

Government Auditing Standards requires us to assess the sufficiency and appropriateness of computer-processed information that we used to support our findings, conclusions, and/or recommendations. The assessment of the sufficiency and appropriateness of computer-processed information includes considerations regarding the completeness and accuracy of the data for the intended purposes.

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In performing this audit, we used expenditure data provided by the Office of the Budget, Bureau of Accounting and Financial Management and revenue data provided by the Department of Revenue. We also used DOH's schedule of monitoring visits for the Head Injury Program.

To assess the completeness and accuracy of the expenditure data, we conducted audit procedures as follows:

- Reconciled the total EMSOF expenditures within the data file to the Status of Appropriations and the Commonwealth's SAP accounting system. Data from the SAP accounting system is subject to financial audit standard-related tests of sufficiency and appropriateness of evidence as part of the audits of the Commonwealth's Comprehensive Annual Financial Reports and the Single Audit of the Commonwealth for the two fiscal years ended June 30, 2017.⁴⁰
- For the 60 expenditures tested in the EMS program, we traced the expenditure data to the council invoices.
- For the 23 provider expenditures tested in the EMS program, we traced the expenditure data to the council invoices and the provider's invoices/receipts of purchases.
- For the 25 expenditures tested in the Head Injury Program, we traced the expenditure data to the provider invoices and patient records.

Based on the above procedures, we found no limitations with using the data for our intended purposes. In accordance with *Government Auditing Standards*, we concluded the EMSOF expenditure data for the period July 1, 2015 through June 30, 2017, to be sufficiently reliable regarding completeness and accuracy for the purposes of this engagement.

To assess the completeness and accuracy of the revenue data, we conducted audit procedures as follows:

- Reconciled the total EMSOF revenues within the data file to the Integrated Enterprise System Report of Revenues and Receipts and the Commonwealth's SAP accounting system. Data from the SAP accounting system is subject to financial audit standard-related tests of sufficiency and appropriateness of evidence as part of the audits of the Commonwealth's Comprehensive Annual Financial Reports and the Single Audit of the Commonwealth for the two fiscal years ended June 30, 2017.

⁴⁰ The Department of the Auditor General annually conducts an audit of the Commonwealth of Pennsylvania's Comprehensive Annual Financial Report jointly with a CPA firm.

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- For the five revenue postings tested, we traced the revenue data to the SAP Adjustment Memo and the Collections Summary Report from the Department of Revenue. We also traced the revenue data to the applicable Summary of Collections Report – Fines and Costs that are submitted to the Department of Revenue by the Clerk of Courts and District Justice Offices.

Based on the above procedures, we found no limitations with using the data for our intended purposes. In accordance with *Government Auditing Standards*, we concluded the EMSOF revenue data for the period July 1, 2015 through June 30, 2017, to be sufficiently reliable regarding completeness and accuracy for the purposes of this engagement.

To assess the completeness and accuracy of DOH's schedule of monitoring visits for the Head Injury Program, we conducted audit procedures as follows:

- Reviewed the expenditures in the Commonwealth's SAP accounting system and verified all providers to which payments were made were monitored.
- For the three monitoring visits tested, we traced the date of the monitoring visit from the schedule to the monitoring tool and results letter.

Based on the above procedures, we found no limitations with using the data for our intended purposes. In accordance with *Government Auditing Standards*, we also concluded DOH's schedule of monitoring visits for the period July 1, 2015 through June 30, 2017, to be sufficiently reliable regarding completeness and accuracy for the purposes of this engagement.

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Appendix B

Distribution List

This report was distributed to the following Commonwealth officials:

The Honorable Tom Wolf
Governor

The Honorable Dr. Rachel Levine
Secretary
Pennsylvania Department of Health

The Honorable Sarah Boateng
Executive Deputy Secretary
Pennsylvania Department of Health

The Honorable Raphael Barishansky
Deputy Secretary of Health Planning
and Assessment
Pennsylvania Department of Health

The Honorable Carolyn K. Ellison
Deputy Secretary for Administration
Shared Services for Health and
Human Services

The Honorable Stephen Barrar
Majority Chair
House Veterans Affairs and
Emergency Preparedness Committee

The Honorable Chris Sainato
Democratic Chair
House Veterans Affairs and
Emergency Preparedness Committee

The Honorable Randy Vulakovich
Majority Chair
Senate Veterans Affairs and
Emergency Preparedness Committee

The Honorable Jay Costa
Democratic Chair
Senate Veterans Affairs and
Emergency Preparedness Committee

The Honorable Randy Albright
Secretary of the Budget
Office of the Budget

The Honorable Joseph M. Torsella
State Treasurer
Pennsylvania Treasury Department

The Honorable Josh Shapiro
Attorney General
Office of the Attorney General

The Honorable Sharon P. Minnich
Secretary of Administration
Office of Administration

Mr. Brian Lyman, CPA
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Bureau of Audits
Office of Comptroller Operations

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Department of Health

Emergency Medical Services Operating Fund

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